

## Message Text

CONFIDENTIAL

PAGE 01 AMMAN 02762 261351Z

47

ACTION NEA-09

INFO OCT-01 ISO-00 AID-05 SSO-00 NSCE-00 INRE-00 USIE-00

CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02 NSAE-00 NSC-05

PA-01 PRS-01 SP-02 SS-15 IGA-01 OMB-01 EB-07 TRSE-00

COME-00 XMB-02 FRB-03 /067 W  
----- 061983

O 261310Z APR 75

FM AMEMBASSY AMMAN

TO SECSTATE WASHDC IMMEDIATE 4479

C O N F I D E N T I A L AMMAN 2762

DEPT. PASS AID

E.O. 11652: GDS

TAGS: EAID, JO

SUBJECT: ADDITIONAL \$10 MILLION ECONOMIC ASSISTANCE TO JORDAN

1. AS DEPARTMENT AND AID/W KNOW, JORDANIANS HAVE CONTINUED TO SEEK ADDED \$10 MILLION IN "SUPPORTING ASSISTANCE" WHICH SECRETARY SAID USG WOULD USE ITS BEST EFFORTS TO PROVIDE TO COMPENSATE FOR SHORT FALL IN FY 74 BUDGET SUPPORT. (THIS \$10 MILLION IS IN ADDITION TO \$77.5 MILLION CURRENTLY PROGRAMMED FOR FY 75.) PRIME MINISTER HAS, OF COURSE, WISHED TO OBTAIN \$10 MILLION IN FORM OF CASH GRANT BUDGET SUPPORT. HOWEVER, WE HAVE EXPLAINED THAT IF IT DID PROVE POSSIBLE TO FIND THE ADDED AMOUNT, MOST LIKELY SOURCE IS DEVELOPMENT LOAN TYPE FUNDS RATHER THAN SUPPORTING ASSISTANCE. CONSEQUENTLY, WE HAVE EXPLAINED THAT IT WOULD BE NECESSARY TO APPLY THE USUAL STATUTORY REQUIREMENTS TO THESE FUNDS IN TERMS OF ECONOMIC FEASIBILITY, ETC. DISCUSSIONS WITH NATIONAL PLANNING COUNCIL HAVE FOCUSED ON TWO POSSIBILITIES IN ADDITION TO DEAD SEA POTASH PROJECT. THUS, THE FOLLOWING THREE POSSIBILITIES APPEAR TO BE MOST LOGICAL CANDIDATES FOR THE ADDITIONAL RESOURCES IF THEY CAN BE MADE AVAILABLE. PRIME MINISTER UNDERSTANDS THAT THIS IS PART OF A PROCESS OF MAKING DECISIONS

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 AMMAN 02762 261351Z

ON USE OF FUNDS AND NOT RPT NOT A COMMITMENT.

2. QUWEIRA (RUM JUNCTION)-RAS EN NAQAB-MA'AN ROAD:

GOJ IS ANXIOUS TO IMPROVE THIS STRETCH OF HIGHWAY IN ORDER TO FACILITATE FLOW OF GOODS--PARTICULARLY PHOSPHATES--TO AND FROM AQABA. PRESENT HIGHWAY CANNOT SUSTAIN PRESENT TRAFFIC AND BADLY NEEDS IMPROVEMENT, PARTICULARLY IN LIGHT OF PLANNED INCREASES IN PHOSPHATE EXPORTS AND PREDICTABLE INCREASE IN SHIPPING THROUGH AQABA BOTH FOR JORDAN AND OTHER MIDDLE EAST COUNTRIES WHEN SUEZ CANAL IS RE-OPENED. FEASIBILITY STUDY AND DESIGN HAVE BEEN COMPLETED WITH FAVORABLE BENEFIT/COST RATION OF 2 OR BETTER AND 20 PERCENT INTERNAL RATE OF RETURN TAKING INTO ACCOUNT PARALLEL CONSTRUCTION OF A RAILROAD TO BE COMPLETED BY JULY 1975. GOJ HAD TENTATIVELY PLANNED TO FUND COSTS OF PROJECT THROUGH BUDGET ALLOCATIONS OVER THREE YEAR PERIOD. THEY WOULD MUCH PREFER TO FINANCE AS DEVELOPMENT LOAN PROJECT WITH CONSEQUENT EASING OF CURRENT BUDGETARY PRESSURES. GOJ HAS ALREADY INVITED TENDERS FROM FIVE JORDANIAN AND FIVE FOREIGN FIRMS. FIVE BIDS RECEIVED AND OPENED AND RELIABLE JORDANIAN FIRM, SHAHIN ENGINEERING AND CONTRACTING COMPANY (SAME ONE CONSTRUCTING US LOAN-FINANCED ROAD IN JORDAN VALLEY) SUBMITTED LOW BID OF 3.5 MILLION JORDANIAN DINARS OR APPROXIMATELY \$11 MILLION. AWARD HAS NOT YET BEEN MADE. OVERALL PROJECT LOOKS GOOD. IT FITS WELL INTO OUR INTEREST IN AIDING MINERAL AND TOURISM DEVELOPMENT. PRINCIPAL PROBLEM APPEARS TO BE WHETHER AID COULD AGREE TO FINANCE PROJECT THAT HAS PROCEEDED AS FAR AS THIS ONE HAS. AID/W WILL HAVE BETTER IDEA ON THIS THAN MISSION. OUR REVIEW THUS FAR REVEALS THAT GOJ PROCEDURES HAVE BEEN IN ACCORDANCE WITH ACCEPTABLE INTERNATIONAL FEASIBILITY AND BIDDING STANDARDS.

3. POWER TRANSMISSION LINE FROM ZARKA TO IRBID: THERMAL POWER GENERATING PLANT CURRENTLY UNDER CONSTRUCTION AT ZARKA. GOJ PLANS TO BUILD HIGH TENSION TRANSMISSION GRID TO CONNECT THIS GENERATING PLANT WITH AMMAN-IRBID AND OTHER POINTS IN NORTHERN PART OF COUNTRY. ONE ELEMENT OF THIS GRID WILL BE LINK BETWEEN ZARKA AND IRBID, PLUS OTHER RELATED SHORT LINK AND EQUIPMENT, ETC. MORE SPECIFICALLY, THIS PROJECT WOULD CONSIST OF (A) REINFORCEMENT OF 45 MVA, 132/33 TRANSFORMER AT BAYADER BY FURTHER TRANSFORMER

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 AMMAN 02762 261351Z

OF SIMILAR SIZE; (B) CONNECTION OF ZARKA POWER STATION WITH IRBID BY CONSTRUCTION OF 132 KV DOUBLE CIRCUIT TRANSMISSION LINE 60 KM LONG AND CONSTRUCTION OF NEW SUBSTATION WITH TWO 30 MVA TRANSFORMERS AT IRBID; AND (C) CONSTRUCTION OF TRANSMISSION LINE OF 132 KV BETWEEN WADI-ESSIR AND CEMENT FACTORY AT FUHEIS AND TWO 20 MVA TRANSFORMERS AND SWITCHGEAR AT FUHEIS SUBSTATION. ESTIMATED COST OF THIS PROJECT, WHICH IS STAGE II OF THREE PHASE PLAN TO COMPLETE NORTH NATIONAL POWER

GRID, IS 3.8 MILLION JORDANIAN DINARS OR APPROXIMATELY \$12 MILLION. FEASIBILITY ANALYSES WERE COMPLETED BY BRITISH FIRM IN FEB. 1975. BIDDING DOCUMENTS AND FINAL DESIGN ARE SCHEDULED FOR SEPT. 1975.

PROJECT APPEARS TO BE SOLID DEVELOPMENT PROJECT WITH ADEQUATE ECONOMIC JUSTIFICATION. FEASIBILITY STUDY IS PROFESSIONAL JOB AND COST ESTIMATES APPEAR REASONABLE. WE BELIEVE THIS PROJECT COULD BE PREPARED IN LOAN PAPER FORM WITH MINIMUM EFFORT. DISADVANTAGE OF THIS PROJECT WOULD BE THAT IT DOES NOT FIT WELL IN OUR PROGRAM STRATEGY FOR JORDAN.

4. PRE-INVESTMENT STUDIES AND TRIAL DIKE CONSTRUCTION FOR DEAD SEA POTASH PROJECT: AID/W IS BETTER INFORMED ON CURRENT STATUS OF THIS PROJECT THAN WE ARE. HOWEVER, DISCUSSION WITH NPC PRESIDENT ODEH REVEALED THAT HE IS DOUBTFUL THAT IT COULD BE IN FORM TO PERMIT OBLIGATION OF FUNDS PRIOR TO JUNE 30. HE SAID HE EXPECTED GOJ TECHNICAL TEAM TO VISIT ONE OR MORE SITES WHERE NEW CHEMICAL PROCESS PROPOSED BY ONE CONSULTANT IS BEING USED BEFORE MAKING FINAL DECISION ON OTHER SUBMISSIONS. HE FELT THIS PROCESS WOULD TAKE TOO LONG TO MEET JUNE 30 DEADLINE. INCIDENTALLY, HE ALSO APPEARED TO THINK THAT TOTAL COST OF PRE-INVESTMENT WORK WOULD NOT BE AS HIGH AS \$10 MILLION FIGURE BEING USED BY IBRD AND THOUGHT THEREFORE THAT \$6 MILLION FROM U.S. WAS UNNECESSARILY HIGH. WE DID NOT TELL HIM IBRD HAD GIVEN \$10 MILLION FIGURE TO AID/W SINCE WE CONSIDERED THIS A MATTER BETWEEN NPC AND IBRD THAT WE DID NOT NEED TO INTRUDE UPON.

5. PRIME MINISTER WILL HAVE MATERIAL DEALING WITH ROAD AND POWER PROJECTS PLUS INFORMATION ON LOCOMOTIVES AND ROLLING STOCK WHICH WILL BE SUBJECT OF SEPARATE MESSAGE. IT IS POSSIBLE THAT PM WILL RAISE THESE PROJECTS DURING VISIT OF KING TO WASHINGTON.

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 AMMAN 02762 261351Z

SUDDARTH

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC ASSISTANCE, BUDGETS, FOREIGN INVESTMENT, DEVELOPMENT LOANS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 26 APR 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** KelleyW0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975AMMAN02762  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D750147-0520  
**From:** AMMAN  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750412/aaaaaljh.tel  
**Line Count:** 155  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION NEA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** KelleyW0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 13 AUG 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <13 AUG 2003 by izenbei0>; APPROVED <02 DEC 2003 by KelleyW0>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ADDITIONAL \$10 MILLION ECONOMIC ASSISTANCE TO JORDAN  
**TAGS:** EAID, JO  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006